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UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re: *
*
EQUAPHOR, INC. * Case No. 10-20490-SSM
* (Chapter 7)
Debtor(s). *

NOTICE OF INTENTION TO SELL PROPERTY OF THE ESTATE
AT PUBLIC AUCTION DURING COURT HEARING,
NOTICE OF OPPORTUNITY TO OBJECT, AND
NOTICE OF HEARING

PLEASE TAKE NOTICE that Kevin R. McCarthy, Trustee, intends to sell personal property of the estate pursuant to 11 U.S.C. § 363(b) and Federal Rule of Bankruptcy Procedure 6004(a)-(b) as follows, and has filed a Motion with the Court for authority to do so:

TYPE OF SALE: public auction.

PROPERTY FOR SALE: all of the Debtor's right, title and interests that exist today and may exist in the future in and to all of Debtor's patents, patent applications, provisional patent applications, and all inventions and discoveries described therein, both foreign and domestic and including all past, present, or future causes of action, infringement claims, all related damage claims including but not limited to lost profits, and enforcement rights relating thereto, whether currently pending, filed, or otherwise, and to all of Debtor's records including but not limited to patent prosecution files, patent file histories, patent litigation records and work product, names and addresses of counsel who prosecuted the patents and who have handled or who are handling the patents, patent infringement studies (including any legal opinions related thereto), patent validity studies (including any legal opinions related thereto) and prior art studies, patent valuations, invention submissions, inventory lab notebooks and records, and assignment documents, relating to the patents and patent applications (collectively, the "Sale Assets" as hereafter further described). The Sale Assets include the current and future interests in the patent applications and patents described in Exhibit 1 attached hereto and to the Trustee's Motion including all rights associated with those patents. The Sale Assets also include the Debtor's claims and causes of action in that

case known as Carotek, Inc. v. Kobayashi Ventures, LLC et al., Civil No. 1:07-cv-11163-NRB; Event Capturing System, Inc. v. Kobayashi Ventures, LLC et al., Civil No. 1:08-cv-5706-NRB (consolidated) (the "New York Litigation"). The Sale Assets do not include any liabilities of the Debtor that may be associated with the New York Litigation. The Sale Assets shall be subject to the following license rights, which shall be preserved: a) the rights of Honeywell International Inc. as a licensee of certain patents under an agreement dated May 15, 2000 with the Debtor or a predecessor-in-interest of the Debtor, b) the rights of Cognex Corporation as a licensee of certain patents under an agreement dated October 1, 2009 with the Debtor or a predecessor-in-interest of the Debtor, and c) the rights of Papertech Inc. under an agreement dated October 26, 2009 as a licensee of certain patents with the Debtor or a predecessor-in-interest of the Debtor.

INTEREST BEING SOLD: Entire interest.

PLACE AND TIME OF SALE: Courtroom I of the U.S. Bankruptcy Court, 200 S. Washington Street, Alexandria, VA 22314, on June 9, 2011 at 9:30 a.m.

SALE PROCEDURES: The minimum acceptable bid will be \$100,000. The Trustee will not be required to consider bid increments of less than \$10,000. The Trustee will not be required to consider bids that include consideration other than the payment of money to the bankruptcy estate. The Trustee will sell the Sale Assets to the highest bidder whom the Trustee determines, subject to Court review at the auction, to be financially able to go to closing. Subject to Court review at the auction, the Trustee's determination of the successful bidder shall be final. A bidder may attend the auction in person or through an authorized representative including an attorney and may participate by phone if the Court permits. The Trustee is authorized to accept a back-up bid in the event the successful bidder does not make payment within 5 business days of the conclusion of the auction. The Trustee is authorized to sign a bill of sale, assignment of patent rights, and any other document reasonably required or requested by the successful bidder to evidence transfer of title to the Sale Assets, including the Assignment of Patent Rights attached as Exhibit 2 hereto and to the Trustee's Motion .

TAX CONSEQUENCES TO ESTATE BY SALE: None or minimal.

LIENS: None.

HEARING AND AUCTION: A hearing will be held on the Trustee's Motion at 9:30 a.m. on June 9, 2011 in Courtroom I of the U.S. Bankruptcy Court, which is located at 200 S. Washington Street, Alexandria, VA 22314. The public auction of the Sale Assets will take place during this hearing.

YOUR RIGHTS MAY BE AFFECTED. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not wish the court to grant the relief sought in the Motion, or if you want the court to consider your views on the Motion, then **ON OR BEFORE 9:30 a.m. on June 9, 2011** you or your attorney must do the following checked items:

X File with the court, at the address shown below, a written response with supporting memorandum as required by Local Bankruptcy Rule 9013-1(H). **Unless a written response and supporting memorandum are filed and served by the date and time specified, the court may deem any opposition waived, treat the Motion as conceded, and issue an order granting the requested relief without further notice or hearing.** If you mail your response to the court for filing, you must mail it early enough

so the court will **receive** it on or before the date stated above. You must **also** mail a copy to the persons listed below. The address for the court is as follows:

Clerk of the Court
United States Bankruptcy Court
200 South Washington Street
Alexandria, VA 22314

X A copy of any written response must be mailed to the following persons:

Kevin R. McCarthy
McCarthy & White, PLLC
1751 Pinnacle Drive - Suite 1115
McLean VA 22102

Office of the United States Trustee
115 South Union Street, Suite 210
Alexandria, VA 22314

X You must also attend the hearing on the Motion scheduled to be held on June 9, at 9:30 a.m. in Courtroom I of the U.S. Bankruptcy Court, which is located at 200 S. Washington Street, Alexandria, VA 22314-5405.

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the Motion and may enter an order granting that relief.

Date of Mailing: 5/20/11

Respectfully submitted,

/s/ Kevin R. McCarthy
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Attorneys for Trustee

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of May, 2011 I served a copy of the foregoing through the court's ecf system on all registered ecf participants who have appeared in this case and mailed a copy of the foregoing, by first class mail, postage prepaid, to all of the parties on the attached mailing matrix and to:

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Snell & Wilmer L.L.P.
600 Anton Boulevard, Suite 1400
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/s/ Kevin R. McCarthy
Kevin R. McCarthy